

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Balance Sheets

AS OF JUNE 28, 1998 AND JUNE 29, 1997

(in thousands)

ASSETS	<u>1998</u>	<u>1997</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 84,527	\$ 112,859
Receivables, Less Reserves of \$1,537 and \$1,522, Respectively	136,629	129,877
Inventories –		
Finished Products and Parts	58,975	83,361
Work in Process	45,217	37,922
Raw Materials	3,684	4,674
Total Inventories	<u>107,876</u>	<u>125,957</u>
Future Income Tax Benefits	31,287	31,602
Prepaid Expenses	21,727	18,121
Total Current Assets	<u>382,046</u>	<u>418,416</u>
DEFERRED INCOME TAX ASSETS	9,555	16,975
CAPITALIZED SOFTWARE	9,881	10,532
PLANT AND EQUIPMENT:		
Land and Land Improvements	15,781	15,548
Buildings	148,868	146,769
Machinery and Equipment	630,043	584,834
Construction in Progress	17,736	49,563
	<u>812,428</u>	<u>796,714</u>
Less – Accumulated Depreciation	420,501	400,448
Total Plant and Equipment, Net	<u>391,927</u>	<u>396,266</u>
	<u>\$ 793,409</u>	<u>\$ 842,189</u>

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

AS OF JUNE 28, 1998 AND JUNE 29, 1997

(in thousands)

LIABILITIES AND SHAREHOLDERS' INVESTMENT	<u>1998</u>	<u>1997</u>
CURRENT LIABILITIES:		
Accounts Payable	\$ 76,915	\$ 82,166
Domestic Notes Payable	4,700	5,000
Foreign Loans	14,336	13,359
Current Maturities on Long-Term Debt	15,000	15,000
Accrued Liabilities –		
Wages and Salaries	29,502	25,767
Warranty	29,565	27,017
Other	42,398	34,769
Total Accrued Liabilities	<u>101,465</u>	<u>87,553</u>
Federal and State Income Taxes	10,529	10,916
Total Current Liabilities	<u>222,945</u>	<u>213,994</u>
DEFERRED REVENUE ON SALE OF PLANT AND EQUIPMENT	15,893	15,966
ACCRUED PENSION COST	26,477	31,891
ACCRUED EMPLOYEE BENEFITS	12,571	12,324
ACCRUED POSTRETIREMENT HEALTH CARE OBLIGATION	70,933	74,020
LONG-TERM DEBT	128,102	142,897
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' INVESTMENT:		
Common Stock –		
Authorized 60,000 shares \$.01 Par Value,		
Issued 28,927 in 1998 and 1997	289	289
Additional Paid-In Capital	37,776	40,533
Retained Earnings	533,805	490,682
Cumulative Translation Adjustments	(2,110)	(1,033)
Treasury Stock at cost,		
5,103 shares in 1998 and 3,513 in 1997	<u>(253,272)</u>	<u>(179,374)</u>
Total Shareholders' Investment	<u>316,488</u>	<u>351,097</u>
	<u>\$ 793,409</u>	<u>\$ 842,189</u>

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

Consolidated Statements of Earnings

FOR THE YEARS ENDED JUNE 28, 1998, JUNE 29, 1997 AND JUNE 30, 1996

(in thousands, except per share data)

	<u>1998</u>	<u>1997</u>	<u>1996</u>
NET SALES	\$ 1,327,610	\$ 1,316,413	\$ 1,287,029
COST OF GOODS SOLD	1,072,936	<u>1,095,197</u>	<u>1,025,281</u>
Gross Profit on Sales	254,674	221,216	261,748
ENGINEERING, SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	129,986	<u>117,497</u>	<u>108,339</u>
Income from Operations	124,688	103,719	153,409
INTEREST EXPENSE	(19,352)	(9,880)	(10,069)
OTHER INCOME, Net	7,809	<u>5,466</u>	<u>5,712</u>
Income Before Provision for Income Taxes	113,145	99,305	149,052
PROVISION FOR INCOME TAXES	42,500	<u>37,740</u>	<u>56,640</u>
NET INCOME	\$ 70,645	<u>\$ 61,565</u>	<u>\$ 92,412</u>
Average Shares Outstanding	24,666	28,551	28,927
BASIC EARNINGS PER SHARE	\$ 2.86	<u>\$ 2.16</u>	<u>\$ 3.19</u>
Diluted Average Shares Outstanding	24,775	28,678	29,059
DILUTED EARNINGS PER SHARE	\$ 2.85	<u>\$ 2.15</u>	<u>\$ 3.18</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Investment

FOR THE YEARS ENDED JUNE 28, 1998, JUNE 29, 1997 AND JUNE 30, 1996

(in thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Cumulative Translation Adjustments	Treasury Stock
BALANCES, JULY 2, 1995	\$ 289	\$ 41,698	\$ 397,627	\$ (136)	\$ -
Net Income	-	-	92,412	-	-
Cash Dividends Paid (\$1.05 per share)	-	-	(30,373)	-	-
Purchase of Common Stock for Treasury	-	-	-	-	(1,185)
Exercise of Stock Options	-	(800)	-	-	1,185
Currency Translation Adjustments	-	-	-	(212)	-
BALANCES, JUNE 30, 1996	289	40,898	459,666	(348)	-
Net Income	-	-	61,565	-	-
Cash Dividends Paid (\$1.09 per share)	-	-	(30,549)	-	-
Purchase of Common Stock for Treasury	-	-	-	-	(179,924)
Exercise of Stock Options	-	(365)	-	-	550
Currency Translation Adjustments	-	-	-	(685)	-
BALANCES, JUNE 29, 1997	289	40,533	490,682	(1,033)	(179,374)
Net Income	-	-	70,645	-	-
Cash Dividends Paid (\$1.12 per share)	-	-	(27,522)	-	-
Purchase of Common Stock for Treasury	-	-	-	-	(85,943)
Exercise of Stock Options	-	(2,757)	-	-	12,045
Currency Translation Adjustments	-	-	-	(1,077)	-
BALANCES, JUNE 28, 1998	<u>\$ 289</u>	<u>\$ 37,776</u>	<u>\$ 533,805</u>	<u>\$ (2,110)</u>	<u>\$ (253,272)</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flow

FOR THE YEARS ENDED JUNE 28, 1998, JUNE 29, 1997 AND JUNE 30, 1996

(in thousands)

	<u>1998</u>	<u>1997</u>	<u>1996</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 70,645	\$ 61,565	\$ 92,412
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities –			
Depreciation	47,511	43,345	43,032
Amortization of Discount on 7.25% Notes Due 2007	205	17	–
Loss on Disposition of Plant and Equipment	1,973	1,608	2,692
Provision for Deferred Income Taxes	7,735	(16,105)	770
Change in Operating Assets and Liabilities –			
(Increase) in Receivables	(6,752)	(10,531)	(25,230)
Decrease in Inventories	18,081	11,446	3,271
(Increase) in Other Current Assets	(3,606)	(2,396)	(2,895)
Increase (Decrease) in Accounts Payable, Accrued Liabilities and Income Taxes	8,274	25,378	(15,595)
Other, Net	(7,676)	28,590	(3,961)
Net Cash Provided by Operating Activities	<u>136,390</u>	<u>142,917</u>	<u>94,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to Plant and Equipment	(45,893)	(71,262)	(77,746)
Proceeds Received on Sale of Plant and Equipment	620	4,133	1,069
Proceeds Received on Sale of Menomonee Falls, Wisconsin Facility	–	15,966	–
Net Cash Used in Investing Activities	<u>(45,273)</u>	<u>(51,163)</u>	<u>(76,677)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net Borrowings (Repayments) on Loans and Notes Payable	677	(1,563)	(6,481)
Net Borrowings on 7.25% Notes Due 2007	–	97,880	–
Repayment on 9.21% Senior Notes Due 2001	(15,000)	(15,000)	–
Cash Dividends Paid	(27,522)	(30,549)	(30,373)
Purchase of Common Stock for Treasury	(85,943)	(179,924)	(1,185)
Proceeds from Exercise of Stock Options	9,288	185	385
Net Cash Used in Financing Activities	<u>(118,500)</u>	<u>(128,971)</u>	<u>(37,654)</u>
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(949)	(563)	(174)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(28,332)	(37,780)	(20,009)
CASH AND CASH EQUIVALENTS:			
Beginning of Year	<u>112,859</u>	<u>150,639</u>	<u>170,648</u>
End of Year	<u>\$ 84,527</u>	<u>\$ 112,859</u>	<u>\$ 150,639</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest Paid	<u>\$ 17,989</u>	<u>\$ 9,298</u>	<u>\$ 10,137</u>
Income Taxes Paid	<u>\$ 33,352</u>	<u>\$ 49,707</u>	<u>\$ 48,865</u>

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